

STATE OF CALIFORNIA
DEPARTMENT OF FINANCIAL INSTITUTIONS
INSTRUCTIONS FOR FORM 2110

I. General

Form 2110 is used in cases where a corporation ("applicant") applies for a license to engage in the business of receiving money for the purpose of transmitting the same or its equivalent to foreign countries pursuant to Chapter 14 (commencing with Section 1800) of Division 1 of the Financial Code.

Two (2) copies of the application must be accompanied by a nonrefundable filing fee in accordance with Financial Code Section 1801.

II. The information should include, in addition to the information called for on the facing page, the following information and documents, which should be attached to the facing page:

A. Authorizations of the Applicant's Board of Directors

1. Provide a copy of a resolution of the board of directors of the applicant:

- (a) Authorizing the applicant to apply for a license to engage in the business of receiving money for the purpose of transmitting the same or its equivalent to foreign countries;
- (b) Authorizing the Commissioner of Financial Institutions to examine the applicant in connection with the application;
- (c) Authorizing and directing all directors, officers, and employees of the applicant and any person having custody of any of the records of the applicant, to furnish to the Commissioner such information, and to permit the Commissioner to inspect and copy such records, as the Commissioner may request in connection with the application;
- (d) Authorizing any bank or other financial institution with which the applicant has transacted business to furnish to the Commissioner such information, and to permit the Commissioner to inspect and copy such records, as the Commissioner may request in connection with the application; and,
- (e) Authorize any government agency which licenses or regulates transmitters of money abroad, issuers of payment instruments, issuers of travelers checks, or other financial institutions and which has information or records regarding the applicant, to furnish to the Commissioner such information, and to permit the Commissioner to inspect and copy such records, as the Commissioner may request in connection with the application.

2. The copy of the resolution of the board shall be certified by the secretary or by an assistant secretary of the applicant.

B. Information Regarding History and Business

1. Summarize the history of the applicant.
2. Describe the business of the applicant. If applicant has been or is now engaged in the transmission business without first obtaining a license from the Commissioner, provide details as to length of time engaged in such business, amount of funds transmitted and reason for not obtaining a license.
3. Explain the reason or reasons why applicant wishes to engage in the transmission business.
4. Provide the name, business address, and telephone number of at least two banking and two business references.
5. If any of the following has occurred or is pending with respect to the applicant, any person who controls the applicant, or any director or officer of the applicant or of any person who controls the applicant, or any significant subsidiary¹ of the applicant, describe the circumstances:
 - (a) Any court of governmental agency has, for any reason, suspended or revoked any license or other authorization or qualification to engage in any profession, occupation, vocation, or other business activity;
 - (b) An application has been made for reorganization, arrangement, or other relief under any bankruptcy, reorganization, insolvency, or moratorium law;
 - (c) An application has been made by a third party for the appointment of a receiver, fiscal agent, or similar officer of for other relief of the kind described in subparagraph (b) above;
 - (d) Suffered judgment in any civil action based upon conduct involving fraud or dishonesty; or,
 - (e) Been convicted of, pleaded nolo contendere to, or is being charged with, any crime relating to the business of transmitting money abroad, the business of issuing or selling payment instruments, the business of banking, the business of a bank holding company, the securities business, or any crime involving fraud or dishonesty.

C. Information Regarding Directors, Executive Officers² and 10% Equity Security Owners³

¹As used throughout this form, "Significant Subsidiary" has the meaning set forth in 10 California Code of Regulations (hereinafter "CCR"), Section 80.174.

²As used throughout this form, "Executive Officer" has the meaning set forth in CCR, Section 10.131.

1. Provide a list showing, with respect to each individual who is a director, executive officer or 10% equity security owner of applicant:
 - (a) Name;
 - (b) Social security number; and,
 - (c) Title of each position held with applicant.
2. Provide a Confidential Resume and a current Personal Financial Statement each completed and signed as of a date within 90 days before the filing of the application by each director, executive officer, or 10% equity security owner of applicant. (Use Interagency Biographical and Financial Report or Department of Financial Institutions Forms 2 and 3.)
3. Describe the amount and type of equity securities⁴ of applicant owned by each 10% equity security owner.
4. Provide the name, address and telephone number of at least two banking and two business or personal references for each individual who is an executive officer, director or 10% equity security owner of applicant.
5. Provide written authorizations signed by, and for, each individual who is an executive officer, director, or 10% equity security owner authorizing the Commissioner to obtain information regarding their deposit and credit relationships with financial institutions, and general business background from business and personal references.

D. Information Regarding Corporate Matters

In case applicant is a California corporation⁵, provide a Certificate of Good Standing issued by the Secretary of the State of California as of a date within 30 days before the filing of the application certifying that applicant is a corporation which is duly organized, subsisting, and in good standing under the laws of the State of California.

(In case applicant is a foreign corporation⁶, and the application is approved, applicant shall be required, not less than five business days before being issued a license, to file with the Commissioner a Certificate of Good Standing - Foreign Corporation of the Secretary of State of the State of California, certifying that applicant has qualified to transact intrastate business in the State of California and is in good corporate standing under the laws of the State of California.)

E. Information Regarding Legal Proceedings

³ As used throughout this form, "___Percent Equity Security Owner" has the meaning set forth in CCR, Section 80.152.

⁴ As used throughout this form, "Equity Security" has the meaning set forth in CCR, Section 80.161.

⁵ As used throughout this form, "California Corporation" has the meaning set forth in CCR, Section 80.158.

⁶ As used throughout this form, "Foreign Corporation" has the meaning set forth in CCR, Section 80.164.

If applicant or any significant subsidiary of applicant is a party to, or any property of applicant or of any significant subsidiary of applicant is subject of, any proceeding pending before any court or governmental agency, describe such proceeding, including:

1. Title of proceeding;
2. Name and address of the court or of the governmental agency before which the proceeding is pending;
3. Names of the principal parties to the proceeding;
4. Date the proceeding was commenced;
5. Description of factual basis alleged to underlie the proceeding;
6. Relief sought in the proceeding; and,
7. Status of the proceeding.

If applicant is aware of any proceeding currently contemplated by any governmental agency, describe such proceedings, including information comparable to the information called for in paragraphs 1 to 7, inclusive, above.

F. Information Regarding Marketing Plan

1. Identify the geographical area in the State of California where applicant proposes to receive money for transmission to foreign countries;
2. Describe applicant's plan for establishing its transmission business and achieving a share of the transmission business in the market area identified above.
3. List the countries to which applicant proposes to transmit funds.

The list should include the following data:

- (a) The legal requirements applicant must satisfy in each country in order to transmit funds to that country;
 - (b) Those countries where the applicant has already satisfied the legal requirements; and
 - (c) Actions being taken to satisfy, and the anticipated date applicant will satisfy, the legal requirements for all remaining countries.
4. Describe in detail the proposed mode of operation for conducting the transmission business, including the name and address of any affiliate⁷ of applicant, agent of applicant, or correspondent bank in the destination country.

⁷As used throughout this form, "Affiliate" has the meaning set forth in CCR, Section 10.107.

5. State the highest, lowest, and average number of days that applicant estimates will elapse between receipt of funds, forwarding of funds, and delivery of funds.
6. Indicate the expected principal language which the applicant will use to advertise, solicit, or negotiate, either orally or in writing, and the reason(s) for such expectation.

Describe the manner in which the applicant will monitor its operations to determine the principal language used to advertise, solicit, or negotiate, either orally or in writing.

7. If applicant maintains or proposes to maintain a fidelity bond, describe such fidelity bond.

G. Information Regarding Other Offices and Agents

If applicant has or proposes to have offices or agents outside of California, provide:

1. The current number of offices of applicant located outside of California;
2. The estimated number of offices of applicant outside of California as of the end of one year;
3. The current number of agent offices located outside of California; and,
4. The estimated number of agent offices located outside of California as of the end of one year.

H. Information Regarding Financial Statements

Provide the following financial statements of applicant (if audited statements are available, please provide them).

Each financial statement must be certified as correct by the chief financial officer of the corporation.

1. A current (within 60 days) balance sheet.

Provide documentation to support asset values for any asset which represents 10% or more of total assets.
2. If the balance sheet called for in paragraph (1) above is not as of the end of a fiscal year of applicant, a balance sheet as of the end of the immediately preceding fiscal year of applicant.
3. Statement of income and statement of changes in shareholders' equity for each of the three fiscal years immediately preceding the date of the balance sheet called for in paragraph (1) above, and if such balance sheet is not as of the end of a fiscal year of applicant, a statement of income for the interim period from the date of the balance sheet called for in paragraph (2) above to the date of the

balance sheet called for in paragraph (1) above.

I. Information Regarding Pro Forma Financial Statements

1. Provide projections for the first three years, to include monthly receipt of transmission money and average daily transmission liability outstanding on a monthly basis. Include the basis for the projections.
2. Provide a pro forma balance sheet for the business as of the end of each quarter of the first year, as of the end of each half of the second year, and as of the end of the third year. Include the basis for the projections.
3. Provide a pro forma statement of income for each quarter of the first year, for each half of the second year, and for the third year of business. Include the basis for the projections.

III. Fingerprints and U.S. Customs & Border Protection Background Checks

One California Department of Justice Bureau of Criminal Identification Form BID-7 (as most recently revised) must be completed by the following persons:

1. Each executive officer and each director of the applicant;
2. Each person who controls the applicant; and,
3. Each executive officer and each director of each person who controls the applicant.

The fingerprint cards or Live Scan receipt must be submitted with the application. Each person fingerprinted should complete the appropriate boxes requesting personal information.

Fingerprints must be taken at a law enforcement agency or a Live Scan Service Center. A list of Live Scan Service Centers is available at <http://caag.state.ca.us/fingerprints/index.htm>. It may be necessary to arrange an appointment for fingerprinting, and the applicant is responsible for any fee charged. In addition, for BID-7's, a processing fee at the current rate charged by the California Department of Justice, must accompany each form submitted.

The Department of Financial Institutions also requires background check with the U.S. Customs & Border Protection and hence, the above persons should complete and sign a "Consent to Release Information" form. Blank forms may be requested from Ms. Meli Brown by calling (415)263 8542 or by email mbrown@dfi.ca.gov.

In addition to the completed and signed release form, clear copies of any of the following applicable biographic documents must be provided:

1. passport
2. driver's license
3. social security card
4. naturalization certificate

The completed and signed forms together with the applicable biographic information should be submitted to DFI which is the requesting regulatory agency that will forward the forms to the U.S. Customs and Border Protection.

Submit all forms at the same time for all persons concerned to expedite the request. If there are four persons subject to background checks please submit the forms and supporting biographic documents for all four instead of submitting them separately.

IV. Security

Sections 1811 and 1812 of the Financial Code specify the security required for the timely and proper delivery of transmission money. Indicate how the applicant proposes to comply with these sections of the law, including general manner and the proposed amount of the deposit.

V. Information Regarding Section and Supervision of California Agents

Describe in detail the applicant's policies and procedures with respect to all the following with respect to the money transmission business to be conducted in this state by the applicant and by any agent of the applicant, including a description of the responsibilities and authority of key personnel involved therewith:

- (1) The procedures for receiving, processing, and forwarding of transmission money from the time it is received from a customer until the time its transmission is complete.
- (2) Recordkeeping.
- (3) Processing and resolution of consumer complaints.
- (4) Processing of requests for refunds.
- (5) Monitoring and oversight of branch office activities.

Describe in detail the applicant's policies and procedures with respect to the selection, monitoring, and oversight of agents. Include a description of what actions are being or will be taken by the applicant to investigate into the character and financial condition of any proposed agent, any controlling person of the proposed agent, and the officers and directors of the proposed agent and of any controlling person of the proposed agent, and whether and in what manner such persons will be screened through the lists of Specially Designated Nationals and Blocked Persons maintained by the Office of Foreign Assets Control ("OFAC").

VI. Information Regarding OFAC Compliance

Describe in detail how the applicant proposes to comply with the laws administered by OFAC, including the following:

- (1) The procedures to be followed by the applicant in monitoring compliance by the applicant and by any agent of the applicant with the regulations of OFAC (Chapter V (commencing with Section 500) of Title 31 of the United States Code.)

- (2) In case the system to match the names of persons on OFAC's lists of Specially Designated Nationals and Blocked Persons ("SDN") will be automated:
 - (A) The identity of the software to be utilized.
 - (B) A general description of the software's capabilities in relation to monitoring compliance with OFAC regulations.
 - (C) Whether the software will reject a transaction involving a person on OFAC's lists or whether the software will block the person's funds.
- (3) In case the matching of the names of persons on OFAC's lists will be done manually:
 - (A) A description of how the matching will be accomplished, considering the number of money transmission transactions the applicant anticipates it will handle on a daily basis and the number of persons on OFAC's lists.
 - (B) The identity of the officer or other employee of the applicant who will be primarily responsible for performing the matching.
- (4) Whether the applicant intends to match all of its transactions, including the transactions of its agents, against all of the OFAC lists for Specially Designated Nationals (including Specially Designated Global Terrorists).
- (5) The frequency with which transactions will be matched.
- (6) The manner and frequency of incorporating updated OFAC lists into the applicant's matching system or procedures, including whether the applicant updates information through OFAC's web site.
- (7) The procedures followed in the event that a person's name matches a name on OFAC's lists, including the manner in which the applicant will notify OFAC of such matches.
- (8) Whether blocked funds are segregated from other funds of the applicant, and if so, whether a separate bank account will be used.
- (9) A description of the records or other documentation evidencing the frequency of the matching.
- (10) Describe in detail how the applicant proposes to comply with federal anti-money laundering laws, including the U.S. Patriot Act and the Bank Secrecy Act.
- (11) Describe in detail whether and in what manner the applicant will maintain computerized books and records with respect to its money transmission business in California, including records relating to the money transmission business conducted by agents.
- (12) Describe in detail whether and in what manner the applicant will utilize electronic data processing technology to record and maintain current information concerning its agents and branch offices of its agents.

VII. Additional Information

The Commissioner reserves the right to request such additional information as the Commissioner deems necessary in connection with the application.

NOTE: Prior to applying for a license, applicant shall schedule a pre-filing meeting with Julio Prada, Financial Institutions Manager, by calling (415) 263-8540. Failure to do so will result in the return of the application.